

The Starhawk Gang: The Real Story Behind the Irish Banking Crisis

by Jeremy James



Starhawk, born Miriam Simos, a self-confessed witch whose writings are promoted by the New World Order. One member of the Irish government has even facilitated Starhawk Workshops. The god of senior Irish politicians is the god of Freemasonry and Wicca. The 'old religion' is back in power.

The general public in Ireland is largely unaware of the corruption that is endemic in our society. Neither are they aware of the extent to which the mainstream media in our country is tightly censored and controlled. The two are related, of course. Corruption fares best in an environment where the hapless victims are blind to what is happening to them.

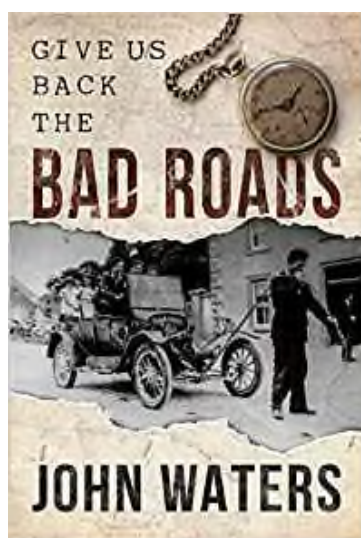
Gemma O'Doherty

The censorship noose is tightening as more and more voices are coming forward to say what has been left unsaid for far too long. Ms Gemma O'Doherty, a former journalist with *The Irish Independent*, who sought approval (without success) to compete in the Presidential election in 2018, is starting a fire with her YouTube blog, exposing the depth of corruption in Irish public life.

John Waters

Her interview a few weeks ago with former *Irish Times* journalist, John Waters, in which they discussed the destruction of Irish sovereignty by the international Elite – with the craven complicity of our own ‘government’ – was censored by YouTube and her channel shut down. She has since launched a new channel on which she continues to reveal to the Irish people the venality and duplicity of our ruling elite. Her interview with John Waters was re-posted on another YouTube blog and may be found at this link:

<https://www.youtube.com/watch?v=P7Iqv7wFyO4>.



The recent book by Mr Waters, *Give Us Back the Bad Roads*, is essential reading for anyone who has not yet realized that Ireland is run by a small cabal of wealthy families who have been working hand-in-hand with their counterparts abroad to create a debt-enslaved nation. The level of censorship and media skulduggery that Mr Waters describes is deeply disturbing. We are not surprised that his book was effectively banned by Easons Ltd, Ireland’s leading book and magazine distributor.

Mads Palsvig

Ms O’Doherty recently interviewed a Danish politician who is working against intense opposition to expose the level of corruption in his own country. We strongly recommend that our readers watch this interview, which may be found at this link: <https://www.youtube.com/watch?v=JTGMkqS9Yg>. It is immensely relevant, not just to Irish citizens, but to decent people everywhere. The forces that are doing so much to destroy the sovereignty of Ireland are also at work in other countries, and much the same methods are being employed, notably debt enslavement, censorship, and misleading government propaganda. Dissidents or those who dare to question the legality of what is happening, are being intimidated, defamed in the media, threatened with personal harm, and in some cases imprisoned.



Two Irish patriots:
Gemma O'Doherty **John Waters**

The interview with Mr Mads Palsvig, the Danish politician in question, is both concise and forthright. He doesn't pull any punches! This is probably the first time the Jesuits in Ireland have been identified as part of the mechanism used by the ruling Elite to keep the masses under subjection. In the course of a well-structured discussion, the two protagonists cover a lot of ground, all the time linking the various topics to actual events in both Ireland and Denmark.

The Secret Society System

Mr Palsvig connected the Irish banking crisis of 2008 with the special relationship that exists between Ireland's ruling elite and their counterparts abroad. The public was deceived on a grand scale and their savings stolen. The burden of debt created by the masterminds in Brussels and elsewhere is part of a strategy to take complete political control of Ireland and force it to comply with the goals of the New World Order. He explained the role of the secret society system, which includes the Freemasons and the Knights of Malta. To this Ms O'Doherty added the secret society known as the 'Benchers' at King's Inns, a cabal of legal luminaries who socialize on a regular basis and in ways that show there is no line of demarcation in Ireland between the judiciary and the cosy coterie of barristers who dominate the legal system and protect the establishment.

Mr Palsvig also explained how the international banking system really works, how a small group of inter-connected families are bleeding the wealth out of European economies, inflating asset prices, sharing insider information, manipulating the money supply, and engineering economic 'cycles' to fleece the most vulnerable borrowers.

He also referred to the pedophilia that is endemic among the Elite and the way sexual perversion and gender identity propaganda are being used to corrupt our youth. Ms O'Doherty mentioned the high incidence of sexual abuse in the upmarket schools from which the next generation of Irish business and banking leaders are drawn. This is perpetuating the sociopathic mindset that is so evident in corporate circles and among the select band of politicians who are leading our country over a precipice.



Mads Palsvig

He concluded with a truth that we have referred to many times in our papers, namely that the ruling elite in Ireland, like their counterparts abroad, are Luciferian. They completely reject the traditional moral values of western society and believe they have the right to exploit the rest of humanity. As the 'wise' leaders who know how the world 'really' works, they have been conspiring together for a long time to bring in a worldwide, totalitarian system of government, a New World Order. While they pretend to be agnostic or secular in outlook, they actually worship Baal.

The Banking Crisis of 2008

The Irish government made sure the crime carried out by its predecessors was never properly investigated. The various reviews commissioned to examine the matter were, in their various ways, ineffectual, evasive, superficial, and determined, both in their methodology and in their examination of the facts, to avoid finding any basis whatever for apportioning blame. We were asked to believe that it was all a most unfortunate accident. The arrogance shown in the previous reports was exceeded by the so-called 'Banking Inquiry' of 2015, a parliamentary enquiry into the cause or causes of the banking crisis of 2008.

A long stream of witnesses, many of whom were directly involved in the events leading up to crisis and in exacerbating the damage that it caused, managed to exonerate themselves in stellar fashion before a committee that failed repeatedly to pounce on even the most obvious contradictions and inconsistencies. The final report proved to be yet another pompous exercise in handwashing, exculpation, and a breathless recitation of 'lessons learnt'.

How was this crime carried out?

The real story was given by Mr Robert Pye, a former official of the Department of Finance who had worked for many years in its strategic management unit. Incredibly, he was not called as a witness before the Banking Inquiry of 2015, despite his knowledge of serious failings within the Department leading up to the crisis and his close acquaintance with the decision-making process in the relevant divisions.



Robert Pye
[Photo in *The Irish Times*, 2011]

He made a lengthy written submission to the Inquiry in January 2015, but it was ignored. The Inquiry later sent him a pro forma questionnaire in July which was clearly designed to solicit his input without allowing him the opportunity to repeat the full story. When the Inquiry published its final report, and made available online the various submissions it had received, it did not publish the one made by Mr Pye in January 2015, or acknowledge its existence.

Even though the second submission by Mr Pye (i.e. the questionnaire) referred to his earlier submission, no journalist or newspaper sought a copy. The Irish media was working hand-in-glove with the banks and the government to ensure that the findings of the Inquiry were as uncompromisingly banal as those of its predecessors.

Mr Pye's submission of January 6, 2015 [copy **attached**], cites documentary evidence from several official sources which prove beyond all doubt that the government which took office in 1997 was mandated by the ruling elite to turn off the alarm system that protected the Irish banks. Once that was done, a massive property bubble was created – stoked in outrageous fashion by high-ranking politicians – and allowed to burst in August 2008. The conduct of the three public sector organizations that were meant to protect the people of Ireland from financial abuse was simply deplorable.

The Department of Finance, the Central Bank, and the Financial Regulator all sat back and allowed events to take their course, ignoring over a period of four years or more the obvious signs that the property market was rapidly inflating and that a collapse, if it did occur, would have devastating consequences for the economy. Meanwhile the Department of Finance continued to underwrite current spending with the massive windfall taxes from the property boom. As a mark of economic incompetence this is probably impossible to beat. And all this time the ESRI, a quasi think-tank on the national economy, was applauding the government's handling of the public finances!



Elderly patients sleep on trolleys in the corridors of Irish hospitals while thousands of uninvited migrants from Africa and the Middle East receive free housing and other expensive benefits.

The Rip-off Continues

The people of Ireland were taken for fools – by their politicians, by their bankers, and by many well-paid senior public servants. Even then, the exploitation didn't end. The Bilderbergers who run Brussels and the ECB demanded that Irish taxpayers cover the full cost of the entire fiasco. Participants in the great European casino cashed in their chips.

One might have thought the rape of the Irish economy would have stopped there. Not at all! The government could have used the vast over-supply of housing caused by the boom to enlarge the national stock of domestically owned dwellings. But that didn't happen. Instead they set up an organization known as NAMA (the National Asset Management Agency) which supposedly was designed to relieve banks of the burden of mortgage defaults and allow them to return to normal operational strength. But this too was another scam.

NAMA

The huge property portfolio acquired by NAMA was divided into lots and sold at firesale prices to international vulture funds. Most of these properties were in urban and suburban areas which were ideal for rental purposes. The vulture funds then worked in concert to push up rental costs to exorbitant levels within a fairly short time. Most of them would very likely have recouped their investment within five years or so!

For the Irish ruling elite and the scam artists who serve them, the banking crisis of 2008 was a gift that keeps on giving. The average Irish person is paying for all of this through their taxes, through excessively high rents, through greatly inflated mortgages and obscenely high interest rates, and through the huge intergenerational tax burden imposed by a massive national debt which conferred no benefit whatever on the Irish economy.



The new National Children's Hospital, with its *Eye of Horus* design.

The ruling elite are continuing to use the construction sector to line their pockets. The so-called 'cost overrun' on the national children's hospital is simply a gimmick to milk even more money from the Irish taxpayer. A facility that should have cost no more than €700m (and possibly a good deal less), will end up costing over €2 billion. Are the politicians and vested interests lying? Of course they're lying.

For the past twenty years or more major public sector projects have been inflated by 20-30% (at least) by a carousel of construction and engineering companies which tender for the projects as they are advertised. According to public sector contract rules, the lowest tender must be accepted. The companies in the carousel rotate the lowest tender among themselves, thereby sharing the proceeds over time.

The same unscrupulous government – the Starhawk Gang – is opening our sovereign borders to every nation on earth and inviting all and sundry to come here and receive free housing, free allowances, free healthcare, free education, and free vocational training – all at the expense of the Irish taxpayer. And they are doing so under the cover of a media blackout and Marxist-style censorship, conspiring where necessary with Google, YouTube and other online providers to silence dissenting voices.

The Marxist NUJ

While attending a pro-life rally in Dublin last year I got talking with a journalist who had a surprisingly good grasp of what is really happening in Ireland. He knew all about the “royal families” who controlled the Dáil and the Seanad, their nasty Marxist agenda, and their considerable expertise in the vile art of lying. He said he was one of the last journalists in Ireland who did not promote the goals of the New World Order. The National Union of Journalists (NUJ), without whose approval one cannot practise as a journalist, will only accept new members who are known to have Marxist credentials or a patently hostile attitude to Christianity. In his experience, over 95% of the journalists in the land were of this persuasion.



Masons rehearsing their so-called ‘arch of steel’.

Masonic Catholic Bishops

And why have the Catholic bishops done virtually nothing to protect the unborn in Ireland or defend the sanctity of marriage between a man and a woman? Why have they failed repeatedly to take a strong stand against sodomy and child rape in their own ranks? Another 'chance' encounter shed valuable light on this. In 2012 I met a former high-level Freemason from South Africa. This man was despised by Craft members in his home country because he was revealing the true extent of Masonic influence in white society and drawing unwanted attention to the Masonic worship of Baal/Osiris. He said that every Roman Catholic bishop, before his elevation to episcopal office, had to take the Masonic Oath (or its equivalent). By doing this he was swearing his allegiance to the invisible hierarchy above him. "Even in Ireland", he added.



Ordination of a Catholic priest in a Masonic Temple in Portugal, September, 2013.



Bishop and priest bowing before the Eye of Horus, also known as the Eye of Lucifer. A truly blasphemous spectacle.



The Catholic crucifix is borne beneath the Masonic 'arch of steel', symbolising the compatibility of Catholicism with Freemasonry, and the primacy of the latter.

CONCLUSION

If the people of Ireland do not wake up soon and see what the Ruling Elite and the Starhawk Gang are up to, their country will fall apart within a couple of decades. It will no longer be the Ireland we once knew, but an impoverished banlieue of Brussels, a multi-lingual, multi-cultural wasteland where rival gangs fight for the right to burgle better-off neighborhoods. The ethnic Irish will gradually become a minority in their own country. Traditional religious values will be completely excised from the public mind.

There will be nothing left but workshops on witchcraft and neo-pagan philosophy, where the works of notorious witches are taught to vulnerable young people, where pornography is part of the school curriculum, where the murder of an unborn child is greeted as a spiritually liberating act, where little boys are tricked into thinking they are little girls and invited (free of charge) to have their genitals sliced off, where the married man next door is now calling himself a 'woman' and wearing women's clothes, and where the pastor of the local church is sentenced to six months in prison for giving honest and caring counsel to a young man who believed he might be homosexual.

This is the Ireland that our government is bringing about by subterfuge and coercion, censorship and lies. Nothing is more pleasing to our 'leaders' than to be photographed abroad in the company of fellow Luciferians like Trudeau of Canada, Macron of France, or Merkel of Germany. The Starhawk Gang will not stop until they have carried out the wishes of the International Elite, making Ireland one of the first western nations to be assimilated into the New World Order.

The Bible warned that the world would undergo a massive moral collapse as the End time approached. This seems to be happening. The apostle Paul described it as follows:

“This know also, that in the last days perilous times shall come. For men shall be lovers of their own selves, covetous, boasters, proud, blasphemers, disobedient to parents, unthankful, unholy, without natural affection, trucebreakers, false accusers, incontinent, fierce, despisers of those that are good, traitors, heady, highminded, lovers of pleasures more than lovers of God; Having a form of godliness, but denying the power thereof: from such turn away.” (2 Timothy 3:1-5)

Read the **attached** account of the banking debacle, a sinister and audacious crime by any reckoning, and remind yourself that the architects of this carefully planned heist – the ‘We Rule Ireland Party’ – are still in power today.

Jeremy James
Ireland
February 09, 2019

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**Submission to the Banking Inquiry,
Houses of the Oireachtas, Dublin 2.**

The Real Story behind the Irish Banking Crisis

by Robert Pye

**"Were the Irish lied to? Of course – by bankers and by politicians, among others."
(Murphy & Devlin, p.307)**

Introduction

The Oireachtas Banking Inquiry is charged with the task of establishing why the banking system in Ireland collapsed in 2008 and, presumably, why the top management layers of so many cognate organisations in both the public and the private sectors failed so abysmally.

In light of this I would ask the Inquiry to consider the points raised in this submission, having regard to the fact that I was a member of the middle management of the Department of Finance for 26 years, to my retirement in 2010, and that I was closely involved with the strategic management process – which embraced all areas of the Department's activities – from 1996 to 2009.

I made a detailed submission to the official review of the Department (Wright Review) which was conducted in 2010 (A copy is included with this submission). It gives sufficient information about my employment profile with the Department to establish that my testimony is based on close familiarity with the inner workings of the Department. The earlier submission included the seven papers that I wrote and circulated to selected members of the senior management of the Department in the period 2004-2005, warning of the coming calamity and the need for the Department to radically alter its strategic direction. I also included a lengthy article that I had intended to send to *The Irish Times* in January 2007 but was officially prevented from doing so by the Department.

Some General Comments

The Fianna Fail Government consistently misled the Irish people in relation to the regulation and welfare of the banking system in this country since 1997. It also deceived them in relation to its handling of the public finances. As I demonstrated in my submission to the Wright Review, the Department of Finance was incapable of offering even the most modest resistance to the increasingly bizarre 'economic' strategy being pursued by the Government. Massive windfall taxes were routinely channelled into day-to-day spending, in complete violation of the basic principles of sound economic management. This failure of judgment, not to mention moral courage, was inexcusable.

Despite repeated attempts on my part to promote discussion within the Department, management brushed off all concerns and even made it clear that any 'second guessing' or internal critique of the Government's policies would not be tolerated.

Having said that, I would stress that the generality of staff of the Department were hardworking and responsible, with a proven commitment to the public good. The failures of which I speak were mainly at Principal Officer level and above and relate only to the matters I have identified. It should be noted that during this period the Department had more than seventy managers earning in excess of €100,000 a year, none of whom took a visible stand against the prevailing view.

The Joint Oireachtas Committee Report, 1998

In the following pages I will review the steps that were taken to dismantle the then-existing regulatory framework for the financial sector, which was working effectively, and replace it with an untried system encumbered with several potentially serious structural defects.

In July, 1998, the Oireachtas joint committee on Finance and the Public Service published a report entitled ***Review of Banking Policy: The Regulation and Supervision of Financial Institutions***. The Committee based its report on evidence gathered from "key individuals and organisations" who were called to appear before the Committee, as well as information gleaned from two overseas trips by members of the Committee, one of which was led by Deputy Michael Ahern, who chaired the Committee, and the other by Deputy Michael Noonan.

This ill-considered report became the basis for the changes that led to the collapse of the banking system. While it put forward proposals which it professed were based on a sound understanding of the various systems of banking regulation in force in other European countries, the reality was very different. Given the significance of what it was proposing, the report was shallow, unconvincing, and remarkably naïve.

Pointing to supposed deficiencies which were never identified and potential benefits which were never explained, the report proposed a radical reform of the existing system of banking regulation in Ireland. It fell far short of the rigour and forensic analysis that would normally be required to make even a fraction of the changes that it was proposing. Both in tone and in content it read more like a political manifesto than a responsible exploration of a serious and demanding subject.

The following excerpts give a flavour of the committee's superficial approach:

"Having heard evidence from the above-mentioned, the Committee was perturbed to learn that no structure or body existed that could, with confidence, assure the Committee, or indeed the general public, that the commercial banking sector or other financial institutions were properly supervised and/or accountable."

This sweeping statement is highly misleading. The fact is that, between them, the Central Bank and the Department of Enterprise & Employment (as it was then) could have given virtually all of the necessary assurances. Very few EU countries, either at that time or subsequently, operated a regulatory regime where a single institution could answer all questions relating to the supervision of the financial sector.

"The Committee, during its consideration of the specific issues under review, was acutely aware of the potential damage (a) to the long-standing trust placed by the general public in Irish financial institutions and (b) to Ireland's valued reputation abroad as a deservedly attractive location in which to invest."

Statements like this are presented throughout as though they amounted to material findings. Truisms and tautologies do not constitute analysis.

"The Joint Committee, having heard evidence from the institutions listed at paragraph 1.3 above, concluded that current legislation and regulations are inadequate to supervise the commercial banking sector in Ireland effectively."

Not one solid piece of evidence is presented to support this astounding conclusion.

"The Department of Finance has inadequate or insufficient powers and resources to regulate financial institutions on a day to day basis."

This is an absurd statement. The Department of Finance had no responsibility for the day-to-day regulation of ANY financial institution. Therefore its powers cannot be described as either 'inadequate' or 'insufficient.'

"The Central Bank of Ireland, while empowered to regulate banking institutions, has been largely unable to prevent the type of malpractices under current investigation."

This too is a ridiculous statement. The 'malpractices' to which the report is referring related primarily to consumer protection and taxation. They did NOT relate to regulation. This slur upon the competence of the Central Bank is typical of the attitude taken both by this Committee and later by the McDowell Group (1999). Both aimed by innuendo to convince the public

that "something must be done" about a problem which they never successfully defined and which in reality did not exist.

"The far-reaching powers available in law to wholly independent financial supervisory authorities in other EU Member States, particularly in Denmark, Sweden and the United Kingdom, highlight the inadequacies and weaknesses in the Irish system. The corollary of that finding is that it is a *sine qua non* that a similar independent authority should be established forthwith to regulate the Irish commercial financial sector."

More innuendo. The systems in use in the countries named did not highlight "inadequacies and weaknesses" of any kind in the Irish system. The Report does not give even one example to support this assertion.

"...In terms of restoration of public confidence (at home and abroad) and a guarantee that financial institutions in Ireland would be properly and comprehensively supervised in future..."

This is an extraordinary slur on the adequacy of the system of regulation then in operation and on the professionalism of the institutions concerned. The Department of Finance should have demanded at the time that this damaging and wholly unsubstantiated allegation be withdrawn.

"In the case of confirmation of wrong-doing at a particular bank, Mr. Görtz indicated that an individual bank manager could lose his licence to act – this was regarded as an effective deterrent."

This is an example of the many so-called 'facts' gathered by the Committee in its two fact-finding missions. In reality, the Committee learned nothing from their expensive European trips that could not have been established by consulting a standard textbook on banking.

We give below a few more examples of the Committee's juvenile approach:

"In cases of discovery of wrong doing, there is a procedure for imposing administrative fines and/or referral to the relevant authorities for criminal prosecution."

"In summary, the Austrians gave the impression that their system and regulation thereof was above reproach."

"This was an interesting comment from a person who is involved at a senior level in the French Central Bank..."

One doesn't need the benefit of hindsight to see that the Committee had only one objective, namely to rubber-stamp a decision that had already been made in the higher echelons of the Irish political establishment. Thus the 'democratic process' will have been seen to operate when, in reality, a hidden hand was framing events all the while.

By the way, *The Irish Times* doesn't like members of the public to refer to a 'hidden hand' in Irish public life. Seemingly it smacks of 'conspiracy theories' and such like. See, for example, its dismissive article of 16 March 2009 by a certain D de Breadun in which readers are instructed, Oz-like, to ignore the man behind the curtain. In reality the 'hidden hand' is just another name for the Golden Circle, a devious, albeit nebulous, entity well known to the Irish public.

Some years ago former Master of the Rolls, Lord Denning, dismissed as inconceivable the notion that the English police could have been conspiring to deceive the courts, stating that such a prospect opened "an appalling vista." A similar reluctance prevails today, where few seem willing to countenance the possibility that persons in authority are capable of co-ordinated, systematic deception. By and large the Irish media has worked hard over the years to disguise the extent to which vested interests control this country (to its grave detriment).

The Government Decision of 20 October, 1998

On foot of the seriously flawed Joint Oireachtas Report of July, 1998, the Government agreed in principle in October, 1998, to the establishment of a single regulatory authority (SRA) for the financial services sector at the earliest date possible. It also agreed to the immediate establishment of an Implementation Advisory Group to progress the necessary work. This Group was chaired by Michael McDowell, Senior Counsel, who was appointed Attorney General a few months after the Group's report was published.

The McDowell Report, 1999

The McDowell Report summarized the regulatory responsibilities of the Central Bank at that time as follows:

"At the end of 1998, the Bank was responsible for the supervision of some 877 institutions. Of that number, 742 were supervised under the Investment Intermediaries Act, 1995, of which 175 were IFSC companies. The number of banks supervised was 77. In addition, a total of 1,500 funds (including sub-funds) were authorised under collective investment scheme legislation and the Bank supervised five professional bodies, three exchanges and their member firms."

This gives an idea of the magnitude and complexity of the tasks that would be transferred to the SRA, a green-field body. It beggars belief that the Advisory Group considered this both necessary and feasible. Never in the history of the State has any newly established body been expected to take on such a demanding range of functions all at once, to put in place the necessary infrastructural supports virtually from the outset, to recruit a full complement of duly qualified and experienced personnel, and to achieve the required level of operational proficiency within months of its inauguration.

It is difficult for the average person to grasp the sheer naiveté of this proposal. It had no regard whatever for the comparative size and importance of the institutions concerned, the nature of their business and investment practices, the skills needed to regulate each of them, or the corresponding economic damage that could accrue from their mismanagement.

For reference I give here is a list of the institutions that the Advisory Group sought to accommodate (per Chapter Three of its report):

Accountants Moneylenders (consumer) An Post/POSB Moneylenders (non-consumer) Banks Building Societies Mortgage Intermediaries Bureaux de Change Mortgage lending Collective Investment Schemes Mortgage Lenders - unlicensed Credit Intermediaries Pawnbrokers Credit Unions	Payments Systems Friendly Societies Pension Funds IFSC entities Reinsurance companies Insurance Undertakings Reinsurance intermediaries Insurance Intermediaries Solicitors Investment Intermediaries Stockbrokers Moneybrokers Stock Exchange Futures Exchanges
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It is hard to see how a new institution was expected from the outset to have the skills and resources needed to do even **half** of that work! And yet the Group believed it could be "realistically achieved" within a year:

"The Group considers that, by adopting such an approach, the establishment of an SRA along the lines that it has recommended could be realistically achieved within one year of a Government decision to proceed."

What benefits did the Advisory Group expect to accrue from this massive upheaval? Under the heading, *Benefits of the Proposed Structure*, the Report stated:

In its deliberations, on the merits of establishing a new organisation, the Group concluded that there would be significant benefits from doing so, including the following:

Accountability, to the Minister for Finance and to the Oireachtas, would be at a maximum and independent of any ECB/ESCB-related constraints;

It would provide for singularity of purpose in relation to regulation and customer protection in financial services;

The Group believes that the Government can expect the SRA to be a positive support to what is a major commercial industry for Ireland, and to provide their customers with reliance and assurance;

It would provide a coherent, robust and transparent approach to financial regulation which would promote public and institutional confidence in the financial services industry and in the regulatory process;

It would facilitate the exchange of confidential information amongst the various regulatory functions of the SRA consistent with the requirements of EU law;

The development of a separate corporate identity would help attract and motivate high quality staff and help to develop staff loyalty;

All staff would enter the new body on a basis of equality of opportunity which would enhance their commitment to the new body.

We need to consider these individually since they demonstrate perhaps as clearly as anything else in this paper the startling absence of sound judgment and common sense in the various reports and proposals that led to the establishment of the Financial Regulator.

Supposed benefit #1

Accountability, to the Minister for Finance and to the Oireachtas, would be at a maximum and independent of any ECB/ESCB-related constraints;

The Report provides no evidence to support this sweeping statement. If accountability needed to be improved in some areas of the regulatory process, it could just as easily have been achieved by amending the legislation that governed the existing structures. In fact, the Report simply assumes that accountability to the Department of Finance and the Oireachtas was deficient in some manner, without offering any proof. What is more, it claims that a new regulatory structure would automatically offer improved accountability without showing how this would necessarily be the case.

The Report also claims that the ECB and ESCB (European System of Central Banks) impose constraints on the ability of the Central Bank to fulfil its accountability mandate. But, again, no convincing evidence is given to support this obscure claim. In fact, one would assume that the Central Bank's working relationship with the ECB/ESCB would actually *enhance* its ability to fulfil its regulatory role and to furnish both the Department of Finance and the Oireachtas with all necessary evidence that the Irish market was being satisfactorily regulated.

Supposed benefit #2

It would provide for singularity of purpose in relation to regulation and customer protection in financial services;

What exactly does this mean? Regulation is regulation and customer protection is customer protection. They each have a distinct and separate purpose. They do not need to be carried out by the same organisation in order to achieve their respective objectives. What is more, it is unclear how the so-called "singularity of purpose" could emerge from the proposed new arrangements.

This spurious claim also fails to acknowledge that, under certain circumstances, prudential regulation and customer protection have divergent objectives. It would be impossible for the same organization to fulfil its dual mandate and reconcile the conflicts of interest that would be bound to arise. Furthermore, the respective skill-sets and strategic aims are very different. As Professor Ray Kinsella noted in 2002, "The reality is that prudential supervision and consumer protection have a very different focus. They deal with different issues and require very different skills and competencies. It simply makes no sense whatsoever to lump them together within a single organisation."

Supposed benefit #3

The Group believes that the Government can expect the SRA to be a positive support to what is a major commercial industry for Ireland, and to provide their customers with reliance and assurance

Yet another hollow claim. It is not the task of the Group to "believe" in a particular benefit but to demonstrate that it is both realistic and achievable. The Report doesn't even specify, by way of example, what particular improvements would accrue from the new arrangements, over and above those already available via the regulatory regime operated by the Central Bank.

Supposed benefit #4

It would provide a coherent, robust and transparent approach to financial regulation which would promote public and institutional confidence in the financial services industry and in the regulatory process

What are they saying here that has not already been implied by the previous "benefits"? Again, the Report fails to offer even the flimsiest evidence to support its assertion.

Supposed benefit #5

It would facilitate the exchange of confidential information amongst the various regulatory functions of the SRA consistent with the requirements of EU law

This supposed benefit implies that the existing regulatory regime is unable to do this effectively, yet no evidence is offered to support this.

Supposed benefit #6

The development of a separate corporate identity would help attract and motivate high quality staff and help to develop staff loyalty

It is difficult to believe that this was even cited as a "significant" benefit. It is yet another slur in a series of implied slurs on the Central Bank. The Group does not bother to explain why it believes the best and the brightest would be attracted to a start-up organization or why they would subsequently remain loyal to it over an appreciable period.

It is incredible that one of the stated reasons for creating the SRA was to attract and motivate high quality staff. Exactly the same claim could be made in relation to any start-up organization, regardless of its strategic value or its contribution to the public good.

Supposed benefit #7

All staff would enter the new body on a basis of equality of opportunity which would enhance their commitment to the new body.

By what stretch of the imagination could this be regarded as a "significant" benefit? Indeed, it is difficult to see how it could not be applied to *any* new organization.

It is on the basis of such absurdities that the regulatory regime that protected our entire banking system for decades was cynically dismantled.

Imaginary weaknesses

One of the most alarming statements in the entire Report may be found in the minority view located among the Appendices:

criticism of the Bank in relation to the exercise of its statutory functions, as prudential regulator, has been non-existent in the context of the submissions received

The reason the Group did not cite any of the supposed weaknesses in the existing regulatory regime was because none had been reported. The Central Bank had a good track record, but this fact was disregarded by the Group. The submissions it had received were meant to provide a major input to its deliberations, and yet none of them expressed concern about, or even cited the existence of, the weaknesses alleged by the Group!

It is evident that the Group was constituted for the sole purpose of approving the creation of an SRA without any requirement to examine the risks involved. No arguments or evidence to the contrary were either sought or entertained. Just like the Joint Oireachtas Report, it was simply a rubber-stamping exercise.

The Report jaunts optimistically from start to finish without ever once acknowledging that their proposed innovations could do serious damage to the economy if they were not properly implemented. It assumed throughout that everything it was proposing – despite the many complexities and imponderables involved – would be instituted in full, on time, and to a high standard. This fairy-tale scenario was woven into the Report and passed off as a legitimate exercise in strategic planning and responsible stewardship. Even middle-ranking civil servants, when evaluating a course of action, are expected to identify and evaluate the risks involved, but this high-powered group saw fit to ignore the potentially explosive implications of what they were proposing.

Alarm expressed by the Central Bank, June 1999

The Central Bank was greatly alarmed by the Report's recommendations. In a press release dated 24 June 1999, it took an unprecedented step and accused the Advisory Group of proposing a "high risk strategy" for financial regulation. It said that the argument in favour of removing the regulatory function from the Bank was "deeply flawed." It went on to say that **"The Bank disagrees strongly with the main recommendation of the Advisory Group report. No convincing reasons have been put forward as to why existing regulatory functions should be transferred elsewhere."**

The Bank was perfectly correct. Hindsight was not required. It stated quite bluntly – before the event – that the proposed creation of an SRA was both high risk and deeply flawed. The Advisory Group did not offer a single convincing argument to support its view that the Bank should be divested of its regulatory role. In light of this we have to ask whether the Group was influenced in any way by other, undisclosed, considerations? What justification could there possibly have been for basing a major decision of national importance on such a patently superficial and, in many respects, seriously deficient report? These are the kind of questions that the Banking Inquiry should be asking.

The Enabling Legislation

Since there was unease in some quarters about the creation of a separate regulatory body for the financial sector, the Department of Finance made a seemingly major change to the arrangements proposed by the McDowell Group. When it was published in April 2002, the draft legislation located the proposed new body within the Central Bank but prescribed a governance structure which ensured that, for all practical purposes, the Financial Regulator would remain autonomous. This would promote the perception that the Regulator was subject to the oversight of the Bank – since it was legally a 'constituent part' of the Bank – when in practice it was almost completely independent. This manoeuvre was likely intended to allay any lingering concerns about the proposals and facilitate the safe passage of the legislation.

If we examine the debate in the Oireachtas during the passage of the legislation we find ample evidence that the risks inherent in the new arrangements were almost entirely ignored. The only time risk was seen to be an issue was when the merger of supervision and customer protection within the same body was discussed. Even then the matter was not taken seriously by the Minister for Finance.

The most clear-headed contribution in either House came from Deputy R Bruton:

"... I would have expected the McDowell group to find out if the merging of consumer protection with regulatory provision was best practice. There is an appendix to its report which reviews what happens in other countries and it is staggering...that in 16 of 19 countries looked at no significant element of consumer protection law was given to the authority responsible for prudential regulation...but none of the 19 has adopted the model the Minister is proposing today...It is again assumed that by simply relocating some powers to a new institution, best practice is achieved. Such faith is not well placed and I gravely doubt that is the case..."

"Interestingly, Mr McDowell, who was not a Deputy at the time, offered 19 examples of other countries in which this issue was dealt with. Not one of them opted for the route which the Minister is presenting as the only route permissible under EU disclosure of information regulations. In only three of them was any sort of formal link established and in 16 of the 19 countries the body dealing with consumer protection was independent. It is hard to believe that Deputy McDowell, for all his merits, seriously assessed this issue. He went with the flow about where consumer protection would end up instead of having a serious look at international best practice."

This is as close as any Deputy or Senator got to recognizing the risks involved in breaking up the existing regulatory regime and replacing it with a largely experimental arrangement. It is also as far as any Deputy or Senator got in exposing the remarkably shallow nature of the McDowell Report and the extent to which it relied on wishful thinking and vacuous analysis.

During his presentation and defence of the Bill one would have expected the Minister for Finance to have given a clear and definitive statement of the problems that the new legislation was meant to address, but he never got any further than the vague generalities found in the McDowell Report. He doesn't even make an attempt to identify any substantive weaknesses in the programme operated by the Central Bank. In fact he says:

"Deputies seem to suggest that there was a question over prudential regulation in Ireland and that it might not be up to the best international standards. The International Monetary Fund, at our request, has carried out a comprehensive review of our financial regulatory system by reference to international best practice. The report – a summary of which is on the IMF's website – concluded that our prudential regulatory system complied with established international standards in all respects. The suggestions for improvements that the IMF made have since been addressed by the relevant regulatory authorities."

"I have said in the Dáil on many occasions that the Central Bank was not legally entitled to act in many areas where it has been accused over the years of failing in its duty. The bank was specifically excluded by law from reporting matters that came across in the bank's prudential regulation of institutions that could have been of interest to the Revenue Commissioners or anyone else."

"The job of the Central Bank was to ensure prudential regulation of banks. I would honestly have to say the Central Bank has done that job exceptionally well and is recognised internationally as such. We have never had a failure here. The bank has an exceptional record... it has an international reputation and is highly regarded."

So the Minister plainly admitted before the House that the then existing regulatory regime complied with established international standards "in all respects" and that this had even been confirmed by a special report prepared by the IMF. The Central Bank had "an exceptional record", "an international reputation" and was "highly regarded." Furthermore, any criticism relating to the performance of the Bank had arisen solely in the context of matters which the Bank had been legally precluded from addressing.

So, given that the Central Bank has done its job "exceptionally well," why were these radical changes being implemented? Seemingly to achieve benefits which even the Minister himself was unable to enumerate in the Dail.

There is something seriously wrong with this whole business. Nothing adds up.

The following remarkable exchange illustrates just how little attention the Minister was giving to the only issue that really mattered – the risk of regulatory failure:

Mr. R. Bruton: Negligence on behalf of a regulatory authority could expose the State to damages if a person's interest was seriously impacted by that failure.

Mr. McCreevy: At the end of the day, the State would still be picking up the tab.

- Mr. R. Bruton:** What if the State is negligent in duties imposed on it by law?
- Mr. McCreevy:** The Deputy is making the case that if the regulatory authority was negligent and some action was proved there, the recourse would still find its way back to the State.
- Mr. R. Bruton:** Are we establishing in this Bill that no matter how negligent the regulatory authority might be, it will never have the possibility of being sued?
- Mr. McCreevy:** Unless it acted in bad faith. Even with that, if it was the regulatory authority itself, recourse would still fall back onto the State. It is like splitting hairs. The State will pick up the bill at the end of the day.

It is disturbing that, even though the Minister was fully cognizant of the fact that the State could be the ultimate guarantor in case of regulatory failure, he was not prepared to discuss the nature of the potential risks involved [which were considerable], the extent to which he had included legislative measures to mitigate these risks [he hadn't], or the economic consequences for the State if his new regime failed [it did].

At one point he said:

"The main purpose of the Bill is to transfer existing functions from particular authorities to the proposed new Central Bank and Financial Services Authority of Ireland. None of these functions are being changed."

This statement serves only to hide the fact that, while the functions themselves were not being changed, the management structures which determined whether or not the functions would be effectively discharged were being **radically** changed. Since the Government never saw fit to conduct an in-depth review of the factors that enabled the Central Bank to discharge its functions effectively in the first place, it could not possibly know whether or not these essential factors would be faithfully preserved under the new arrangements. Yet, despite this massive lacuna, the Government was fully prepared to risk the future of the entire banking system to achieve benefits so nebulous that even the Minister was unable to define them.

Why was this allowed to happen? What on earth was going on? These are questions the Banking Inquiry should be asking.

The FR was the SRA under another name

The fact that the new body was a "constituent part" of the Central Bank was of no real consequence. Regulation is an ongoing activity that requires close familiarity with the entities being supervised. Once the senior management layer of the Central Bank was taken out of the loop it had very little leverage in relation to the way the IFSRA did its job, or even to determine for certain whether it was fulfilling its regulatory mandate to the standard required. The Government tried to imply that the regulator would be 'regulated' or overseen by the Central Bank when, in reality, the legislation made this virtually impossible.

It was also difficult for interested parties to decipher what the Bill actually said regarding the proposed accountability of the IFSRA since it consisted almost entirely of amendments, substitutions and repeals to existing legislation.

The 2003 Act specified that the Board of Directors of the Bank would comprise 12 members, 6 of whom were members of the Financial Regulator. Thus even at Board level, the Bank had no power to coerce or pressurize the FR. The fact that it was dubbed a "constituent part", and legally defined as such, was immaterial. In practice it enjoyed the same autonomy in relation to financial regulation that the Bank itself formerly enjoyed under the previous regime. In short, the FR was effectively the SRA proposed in the McDowell Report.

The practical extent of this autonomy is borne out by the powers granted the FR under the 2003 Act: "...the Regulatory Authority has power to do whatever is necessary for or in connection with, or reasonably incidental to, the performance of its functions." It was even entitled to exercise power in relation to any matter "on the basis of its own opinion, belief or state of mind."

Reaction at middle management level in the Department of Finance

At the time the Financial Regulator was established, I spoke informally with several members of the Department at middle management level, plus a few at a more senior level, to gauge their reaction. Without exception no-one understood why the FR was being created and the Central Bank 'demoted'. None could see any potential benefits in the new arrangement. Nearly all expressed concern that the new body would focus mainly – if not exclusively – on the most straightforward aspects of the regulatory function and would take many years to develop the expertise and corporate know-how to tackle the more demanding aspects.

How right they were!

The Financial Regulator's standard of performance

It is hardly necessary to dwell on how well the new body performed its regulatory functions. A huge assortment of anecdotal evidence portrays an agency in disarray and completely out of its depth. It lacked the expertise, the internal cohesion, the leadership, the resources, and the strategic perspective needed to do its job. At a time when the main banks were totally out of control, "regulation, which should have curbed their excesses, was so light as to be virtually invisible." [Murphy & Devlin, 2009].

It was with reference to this organization that the Minister for Finance had proclaimed, "I am confident that the new structure...gives us the best of all worlds," providing "for clear accountability, both within the new structure and to the Oireachtas." Instead we got almost no accountability and the worst of all possible worlds.

This is the same organization that the McDowell Report said would provide "a coherent, robust and transparent approach to financial regulation [and] which would promote public and institutional confidence in the financial services industry and in the regulatory process." Indeed.

And this is the same organization that the Joint Oireachtas Committee said would "guarantee that financial institutions in Ireland would be properly and comprehensively supervised in future" and that "regulation and supervision of the financial sector in Ireland would be on par with the best standards, not only in Europe, but perhaps globally...the Irish public deserves (and demands) nothing less."

Basil Fawltly could not have said it better.

The Nyberg Report

The main official report to date on the banking crisis, prepared by the Finnish civil servant, Peter Nyberg (acting as a sole-member Commission), was unsatisfactory in the extreme. Indeed, in the opinion of many it was little more than a whitewash. Mr Nyberg concluded, rather like Poirot on the *Orient Express*, that everyone was complicit in the death of the victim. As Matt Cooper remarked, "One report, by Peter Nyberg, went so far as to blame almost the entire country for what had happened...This must have delighted the guilty."

It is remarkable how meekly the Irish public accepted this idiotic conclusion. It is rather like blaming the passengers for the sinking of an ocean liner. And the politicians, as ever, along with various other implicated parties, were more than happy to promote a report that exonerated the lot of them.

It is significant that Mr Nyberg's remit covered only the period commencing 1 January 2003 – which excluded consideration of matters which had a material bearing on the catastrophe that followed, namely, the Joint Oireachtas Report of July 1998, the Government Decision of October 1998, and the McDowell Report of May 1999.

No matter which of the various participating entities he reviewed, Mr Nyberg seemed to find a way of absolving it of all blame. For example, in his view the auditors who approved the accounts for each of the main banks were not required to report on matters that might relate to the solvency of those institutions. This was an incredible conclusion. Did he not understand that the auditing process is specifically designed to reassure the public that the institution in question is operating on a sound financial footing and that its reliability has a direct bearing on such matters as share price, funding costs, capital adequacy, etc?

Or take his conclusion regarding the Central Bank and the Financial Regulator: "The Central Bank (CB) and the FR noted macroeconomic risks and risky bank behaviour but appear to have judged them insufficiently alarming to take major restraining policy measures." How *alarming* does a risk have to be before action is taken? Are we to believe that some alarming risks can safely be ignored? This kind of analysis is preposterous.

Or consider his conclusion as to why the Department of Finance took no meaningful steps at any time to confirm after the passage of the 2003 Act that the new regulatory regime was actually working: "Being conscious and supportive of the independence of both the CB and the FR, the DoF [Department of Finance] provided very little comment or input to this process, nor did it assess how they fulfilled their duties until very late in the Period [i.e. 2003-2008]." Mr Nyberg does not seem to appreciate that a completely new regulatory system was then in place and that the failure of the Department in this regard was simply inexplicable. Meanwhile Mr Nyberg's analysis of the reckless lending policies of the main banks was so insipid, so dependent on hearsay, and so blighted by *non sequiturs* and unanswered questions that it is impossible to understand how the government could have found his 'conclusions', such as they were, an adequate explanation of what transpired.

When discussing the factors that must be present for a systemic financial crisis to occur, Nyberg virtually ensured that deliberate misconduct would be completely ruled out when he declared: **"It is important to note that none of the elements mentioned above requires bad faith; lack of sufficient knowledge, analysis or foresight is quite enough as is, unfortunately, simply staying silent about one's concerns."** (para 1.5.2) In making this assumption he had effectively decided that the entire fiasco was an accident waiting to happen and that none of parties involved acted in bad faith. The whole point of the Commission was to determine whether this was so, and not to exclude it as a real possibility from the outset.

Later, in para 5.5.15 of his report, Nyberg actually dismisses the possibility that any of the principal parties were deliberately pursuing a course which they knew could result in real damage to the banking system:

"That said, the Commission is not suggesting that financial professionals in Ireland consciously decided to let banks get into trouble. As indicated earlier, it is much more likely that professional suspicions were explained away or suppressed, in light of the new financial dogma and a long period of good times, in order not to appear fractious, unprofessional or alarmist among colleagues, superiors and others who were believed to possess equal or even superior knowledge."

In order to inject some credibility into his analysis, he resorts to sociological clichés to "explain" the mental state of the various participants. Terms like "groupthink", "herding", consensus, mania, paradigm, and procedural "creep" are used to avoid confronting the fact that many key individuals, in well-paid and highly responsible positions, were guilty of serious professional negligence. He simply ignores this obvious reality and proceeds instead to imagine scenarios where such negligence was understandable, and perhaps even inevitable.

Like the Honohan and Regling-Watson reports before it, with which the author appears to agree, Nyberg's report repeatedly conflates a *description* of events with an *explanation* of the management actions (and inaction) that led to them. All three appear to go out of their way to avoid finding anyone responsible for the astonishing series of institutional failures and professional ineptitude that were clearly needed to engineer a crisis of this magnitude. Incredibly, Nyberg even says that if only ONE of the three public service bodies concerned – Department of Finance, Central Bank, and the Financial Regulator – had done its job properly, the crisis would never have happened, and yet he still concluded that no-one was responsible! ("**Early action by even one of these official institutions could have had a major impact in averting the disaster that eventually unfolded**" (para 4.9.1).

As we have noted, the Nyberg Report was preceded by two preliminary reports, both commissioned by the Minister for Finance. One was prepared by Patrick Honohan, Governor of the Central Bank and member of the ECB, while the other was prepared by Klaus Regling and Max Watson. Regling was at one time seen as a possible successor to Jean-Claude Trichet as head of the ECB, while Watson was a former Deputy Director of the IMF and an associate member of Chatham House (the Royal Institute of International Affairs). It would be difficult to pick three organizations more closely affiliated with the international banking system.

The Regling & Watson Report revealed absolutely nothing of note and could hardly have been more anodyne, either in tone or in content. While more thoroughly researched, the Honohan Report deliberately shrank from drawing obvious conclusions at critical junctures. It too leaned heavily toward findings that served effectually to exonerate the guilty parties and portray the entire saga, a *l'Alibi* Snicket, as 'a series of unfortunate events'.

Having said that, the latter contains a number of arresting facts which, if taken together, constitute a horrifying indictment of all three supervisory authorities – the Central Bank, the Financial Regulator, and the Department of Finance:

"Only a small number of staff within the FR were directly involved in prudential supervision of credit institutions – no more than two per major firm." (1.12) "For example, in 2005: a three person team was responsible for Bank of Ireland and Anglo Irish Bank; a two person team was responsible for the AIB group and Irish Life and Permanent (IL&P)". (5.7)

It is almost inconceivable that the authorities were satisfied with an arrangement where a mere 5 people had regulatory oversight of institutions that together constituted over 40% of the entire market capitalization of the Irish stock exchange.

"...the central conclusion regarding a "soft landing" was not based on any quantitative calculations or analysis." (1.16)

Another incredible fact. During the entire period that the authorities were projecting a "soft landing", they had no objective basis for making such a claim. The public had been led to believe that this outcome – vital for the well-being of the economy – was based on economic science of some kind. In reality, as Nyberg, Regling and Honohan confirm, it was nothing more than wishful thinking, without any objective or analytical support whatsoever.

"It was considered much better to resolve regulatory issues through voluntary compliance and discussion." (4.37) "Even the detection of serious deficiencies in loan appraisal and approval procedures of the major banks did not seem to trigger alarm" (5.20) " Underlying this model of enforcement was the view that those running the banks and building societies were honourable persons striving to do their best to comply with the principles" (4.38)

The authorities adopted a purely laissez-faire approach to regulation, trusting the credit institutions to behave like "honourable persons". This was called 'light touch' regulation, which is really a euphemism for no regulation at all. The banks knew that they could virtually do as they pleased.

"The powers of the CBFSAI to impose tougher requirements on credit institutions in order to choke off the boom appear to have been quite extensive" (7.2) "There appears to have been little serious thought given to the idea of setting binding or even non-binding limitations on credit extended specifically to the property sectors which had been expanding at truly unprecedented rates." (7.18) "Finally, it might be suggested that liquid reserve requirements should have been higher, or that ceilings should have been imposed on banks' loan-to-deposit ratios. While the first of these approached might not have had much impact, the second could have had a decisive and early effect in restraining the bubble before it really got under way." (7.22)

These facts are consistent with the claim by Nyberg that had ANY of the three supervisory authorities done their job, the crisis would never have developed.

"In addition, even absent the above problems in each individual institution, when the behaviour of all the banks, taken together is considered, systemic financial stability issues may well arise." (7.31) "There is no doubt that from mid 2007 onwards Ireland increasingly faced a potentially serious financial crisis." (8.47)

It should have been obvious to the authorities that the prevalence of the same speculative behaviour across so many credit institutions, involving the same asset class, should **in itself** have been a major warning sign for all concerned.

"...at the time [Sept 2008] the authorities did not believe that Anglo was heading towards insolvency. The potential for a major payout from the guarantee was not considered large, though no attempt was made at quantification." (8.44)

Even when the infamous 'guarantee' was being considered, the authorities made no attempt to quantify the potential cost to the taxpayer. They didn't even appear to understand that the crisis was not just one of liquidity but of solvency.

"The inclusion of subordinated debt in the guarantee is not easy to defend against criticism...And it lacked precedents in other countries..." (8.50)

Subordinated debt attracts a higher rate of interest to offset the fact that it is not secured. That the authorities saw fit to guarantee such debt is simply ludicrous, particularly as the burden of contingent liabilities arising from other aspects of the guarantee were already so onerous.

"A detailed review of the ensuing discussions is hampered by the absence of an extensive written record of what transpired" (8.18)

Diligent public servants invariably record in writing the main points of what transpired at a meeting, noting the key reasons for each important decision, and yet the authorities were routinely making decisions that had major implications for our economy without bothering to record the basis for those decisions or, incredibly, to provide a written account of key events at a later date.

"...the Irish banking system continues to be well placed to withstand adverse economic and sectoral developments in the short to medium term." – CBFSAI, Financial Stability Report, 2007 (p.7) [quoted by Honohan]

The annual *Financial Stability Report* was meant to offer a robust assessment of the economy, with an accent of its overall financial stability. This statement from the report for 2007 shows just how disengaged from reality the authorities actually were.

The Wright Report

The Wright Report by the Canadian civil servant, Rob Wright, shed virtually no light on what actually happened in the Department of Finance between 2002 and 2008. At almost every point where a gesture of exoneration was possible, he hastened to make it. His 'let's look to the future' approach was seemingly a deliberate attempt to bundle the errors of the past into a pattern that offered neither coherence nor transparency. As a former member of the Department, I found his account bewilderingly unacquainted with how the organization actually functioned. His supposed explanation of the decision-making procedure at higher management levels was obscured by jargon and academic observations which bore no meaningful or recognizable relationship to what the civil servants in question actually did.

According to their Terms of Reference, Mr Wright and his team were required to do the following:

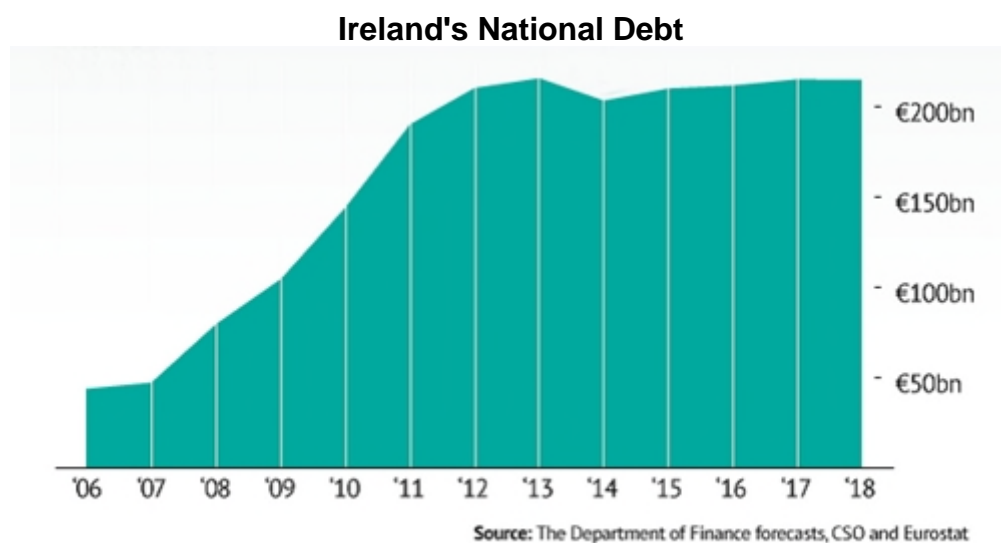
"assess the Department's

- performance in the past ten years,
- advice (appropriateness and quality), forecasts, risk analysis
...and communications strategy
- development and management of responses to the current crisis"

The report very obviously failed to fulfil its terms of reference. Instead, it completely exonerated the Department from any hint of corporate misconduct, any serious management failures, any instances of professional negligence, or indeed anything that might suggest it had betrayed the public trust.

The real cost of the Banking Disaster

Before proceeding to an analysis of what really happened in the lead up to the banking crisis and thereafter, we should take stock of its impact to date on the Irish taxpayer. The most commonly quoted figure, €68 billion, is not even a ball-park measure of the damage caused by the calamity. The real cost must take into account the full budgetary and fiscal impact.



The horrifying reality is that Ireland's national debt **quadrupled** in just five years. This has never happened to any developed economy. Furthermore, the total debt itself does not reflect whatever contingent liabilities may still exist under the infamous 'guarantee', the pillaging of the National Pension Reserve Fund, or the real possibility that Ireland will be compelled at some future date to sell significant national assets at fire-sale prices. Worst of all, the projected size of the national debt in the years immediately ahead assumes a very modest cost of funding. If and when interest rates rise, which are currently at historically low levels, the debt burden could easily become unsustainable (assuming it is sustainable even at current rates).

We are rapidly heading towards a situation where a country with a population of less than five million will be saddled with a debt of a quarter of a trillion euro. When one considers that around three quarters of our productive capacity for trading purposes is foreign owned, that punitive austerity measures continue to be imposed on the general population, and that the country is starved of investment capital, the real cost of the 'guarantee' is vastly greater than the pundits have alleged.

In short, the banking crisis has been an unqualified triumph for international socialism. Our sovereignty is gone, our fiscal independence has been destroyed, and our grandchildren will be subject indefinitely to the whims and edicts of the international banking system.

An accurate diagnosis

It has been fashionable to begin a survey of the banking crisis with the greed that led to excessive borrowing and wanton speculation in the property market. But as we can see from the foregoing, the problem really began with the ill-considered decision to dismantle a regulatory system that had been working effectively for some time and replace it with one that was patently flawed from its inception.

During the growth of the inflationary bubble in property prices, several senior political figures made inordinate efforts to stifle all criticism of the economic risks involved. It should not be forgotten, however, that the same obstinate indifference to risk was already evident when the Government made its decision in October 1998 to introduce a completely new regulatory regime without any professional analysis to inform that decision.

We need to recognize that the decision to bring in the new system was political. We also need to recognize that the decision to ignore any serious discussion of alternative proposals was political; the decision to solicit a vacuous report that would effectively endorse the implementation of the new system was political; the decision to sidestep all serious discussion in either House of the real risks inherent in the new system was political; the decision to ignore all signs that a dangerous property bubble was forming was political; the decision to ignore all warnings that the level of bank borrowing from the wholesale money markets was both unsustainable and fraught with hazard was political; the decision to saddle the entire cost of this appalling fiasco on the Irish taxpayer was political; and, finally, the decision to push the moral responsibility for the catastrophe onto the Irish people was political.

Virtually all official commentators to date have facilitated the Government in its contention that the crisis was the result solely of widespread institutional failure coupled with corporate greed and a reluctance by borrowers to exercise proper discernment. This suits the politicians admirably, but there is another possible explanation which for some reason no-one seems willing to discuss, even though it accounts for everything that happened in a much more rational way.

Given the manner in which the crisis developed – where an "alarm system" with a proven track record was turned off, where foreign banks poured huge volumes of capital into the same asset class in a small economy in the full knowledge that it was fuelling a massive bubble, where virtually all key decisions within the banking sector were made by a relatively small group of individuals, and where staggering consequential profits were made by persons unknown after the Government tied a noose around the necks of the Irish people – we should really be asking whether this was largely an engineered event.

At least three other countries – Greece, Portugal and Iceland – were subjected to the same kind of financial blackmail by the international banking system (IBS). The same "crisis" situation was allowed to develop (aided by numerous official assurances that all was well), and in each case, as the crisis suddenly came to a head, the target country was expected to accept immediately, and in full, the terms dictated to them by the IBS. As a result, Portugal has needed a bail-out and Greece is in economic turmoil, its social fabric torn apart by intolerable austerity measures and the relentless demands of the IBS.

Iceland was highly unusual, however. Its people recognized that they had been set up by the IBS and refused to co-operate. They refused to believe the lies and, when the English and Dutch banks made exorbitant demands, the Icelanders told them to go to hell, or words to that effect.

The Irish, alas, were all too willing to believe the incredible sequence of improbable events that would be required to generate a disaster of this scale. Even after losing 150 thousand million euro (and counting) and subjected to several years of punitive austerity measures, they still want to believe that it was all an accident.

How the international banking system preys upon its victims

As some recent books have shown, the IBS has been using debt-imposition as a tool to disenfranchise entire nations (Some of these works are listed in the Bibliography). Up to now most of the target countries have been in the 'third world' or 'undeveloped' category. By offering massive loans for major capital projects to support 'economic development', the intended victim is hooked. Local politicians are given 'incentives' to sell the scheme and silence the sceptics. Then, after a few years, a large quantity of foreign capital is suddenly withdrawn from the country, driving down the value of its currency. The cost of servicing the loan becomes unsustainable and the country is forced to default or negotiate terms with the IBS. These 'terms' usually involve opening their economy to multinationals, the removal of trade restrictions, the sale of a controlling interest in their banking system, the forfeiture of certain state assets, the transfer of mineral rights, and so forth.

It would appear that this tactic is now being used on so-called developed economies. Local politicians encourage home buyers and others to take out loans which seem to promise a safe return. Working through their confederates in the national banking system, the IBS pours huge amounts of credit into the economy. Then, when the asset bubble has grown to the requisite size, the IBS cuts off all credit. The bubble bursts and the national banking system is pushed to the brink of collapse. However, the ever-caring IBS is willing – on its terms – to provide a bail-out and keep the country afloat.

It works every time. Or almost every time. The people of Iceland showed that they could still tell the difference between right and wrong. They had enough integrity, enough moral fibre, to recognize that the story they were being told by their politicians was simply untrue. They courageously defied the IBS and set about rebuilding their economy. As a nation founded on Biblical values, they cared enough about their children and their grandchildren to protect them from the sharks and jackals who control the IBS.

Was this method used on Ireland, or can the official narrative, as improbable as it sounds, actually be true? This is what the Banking Inquiry needs to examine.

The ruthless exploit the feckless to fleece the gormless

There is not the slightest doubt that each of the following acted irresponsibly over an extended period – the Financial Regulator, the Central Bank, the Department of Finance, the leading politicians, the top bankers, and the major developers. By any definition of the term they were feckless. It is a truth long established that the ruthless exploit the feckless to fleece the gormless. In this instance (as in virtually all scams of this scale) the ruthless are the elite group who control the international banking system, the feckless are the entities just described, and the gormless are the masses who believe virtually everything they are told by official sources and the mainstream media.

Could the sharks and jackals who control the international banking system have selected Ireland as one of their victims? Let's consider this unsavoury possibility based on the evidence we have seen so far:

1. The same loan-and-pauperize technique was used to attack Greece, Portugal and Iceland. As various authors have shown this deadly methodology or variants thereof, such as *Structural Adjustment*, have been used in Chile, Argentina, Uruguay, Bolivia, Kenya, Malaya, Indonesia, Mexico, Guatemala, Columbia, Panama, and Ecuador, among others.
2. The Irish regulatory system would appear to have been deliberately turned off. The system that 'replaced' it was a fiasco.
3. Enormous sums of money were loaned by foreign banks to Irish institutions specifically for investment in the property market.
4. Even though the ECB had all necessary figures to show that the Irish property bubble was out of control, it never intervened at any stage.
5. Perfectly legitimate measures could have been taken to normalize the financial system but were never applied at any time.
6. The IMF – an instrument of the IBS – conducted a major financial system *stability assessment report* on Ireland in 2006 and perversely concluded that "Financial soundness and market indicators are generally very strong. The outlook for the financial system is positive...the major financial institutions have adequate capital buffers..." Incredibly it even said: "Good progress has been achieved in strengthening the regulatory and supervisory framework..."

7. The 'guarantee' of 30 September 2008 was an utterly absurd decision, where contingent liabilities, which were potentially devastating for the Irish economy, were never quantified, where subordinate debt was inexplicably covered, where the underlying solvency crisis was not properly addressed, and where apparently no other options were seriously considered. As Matt Cooper states: "They [i.e. members of the cabinet] were presented effectively with a fait accompli by Taoiseach Brian Cowen and Finance Minister Brian Lenihan. They rubber-stamped the most expensive and calamitous gamble in the history of the state."
8. The failure to date to conduct a serious examination of the crisis from a 'bad faith' perspective would suggest that this possibility is completely taboo. The various official reports made it perfectly plain that a 'bad faith' option was not even considered.
9. The entire spectrum of senior managers across the main credit institutions can avoid prosecution by simply pleading that they had "informed the Regulator." They knew from the outset that they were untouchable.
10. The failure to date to state the obvious, namely that the senior management layers of several public service bodies were guilty at least of serious professional negligence.
11. The failure to date to state another very obvious fact, namely that the boards of the two main banks – AIB and Bank of Ireland – comprised some of the best minds in Irish business, individuals who could not possibly have failed to recognise that the banks' lending policies were utterly reckless and that the taxpayer could be obliged in due course to bail them out. The failure to make mention of the names of ANY of these individuals in media reports and analysis over the past six years is itself a matter of great concern. Indeed, the failure by elected representatives to even mention them by name under Dáil privilege is a disturbing sign of just how little true democracy and free speech we have in this country.
12. The manner in which the banks, notably AIB and Bank of Ireland, deliberately delayed informing the Government of the critical condition of their finances until the last possible moment. The subsequent failure by the media to showcase this appalling fact is further evidence of the cosy arrangement that exists in this country between the media and key figures in financial circles.

13. The harsh response by top politicians when anyone dared to suggest that a property bubble was forming and that a sudden contraction would have grave economic consequences.
14. The close social and business connections between Anglo Irish Bank and several leading politicians.
15. The ease with which serious criminal conduct by Anglo and certain of its business associates continues to evade censure in the courts.
16. The substantial increase in public spending over the period meant that the collapse, when it came, would be even more traumatic. The ongoing use of massive windfall taxes to fund current expenditure was grossly irresponsible.
17. The financial gains by highly placed individuals within the international banking system have been colossal. The cost to the Irish taxpayer of simply servicing the national debt is €23 million a day. Normally a criminal gang would have to plan a heist for up to two years to steal that much money, but the IBS cartel is getting away with it every day. And the benefits don't end there. The principal must still be repaid; and if interest rates go up, as they surely will, their daily takings will rocket accordingly. It's a gift that keeps on giving.

In addition, by attaching conditions to future loans the IBS will be able to pressure the Irish Government into selling off national assets at fire-sale prices. One of the first things the Government asked the Department of Finance to do after the crisis struck was to draw up a list of state assets that might be sold off for that purpose. Ten years from now the greater part of our national infrastructure could be under foreign control. The goal, it would seem, is to ensure that Ireland can never again revert to a sovereign state but will remain a permanent vassal of the international banking cartel and the European federalisation agenda.

18. From the very moment the crisis struck the ECB insisted that the state – the Irish people – should guarantee all liabilities, regardless of their size or origin. What is more, there was never the slightest suggestion that the EU itself would absorb any of the cost. As Cooper noted: "Instead, the Irish people were left to carry the can for the reckless borrowing of privately owned banks, notwithstanding the reckless lending to them by privately owned foreign banks which were now being protected by their governments." (p.388)

Since Ireland's GDP is greatly exaggerated by the distorting effects of transfer pricing and 'contract manufacturing', our burden of debt ought to be measured against our actual productive capacity, namely GNP. If this is done our true debt burden is actually 140 percent of national output, and not 110 percent as commonly supposed. Only Japan and Greece are higher (Japan is a 'special case', owing most of its debt to domestic lenders and having the facility to print money). Both Ireland and Greece are in a sinister financial vise and both are being bled to death by the IBS.

19. Anglo Irish Bank grew at a staggering rate, about twenty-fold in just ten years. It was obviously a casino operation for the exclusive use of a small cadre of high rollers and well-placed speculators. Such an operation is normally only possible under a corrupt government.
20. The austerity conditions imposed by the 'troika' ensured that key elements of the Fabian socialist agenda could be imposed on Ireland, such as household property taxes and domestic water charges. They also gave leverage to the humanist rulers of Europe to impose their anti-Christian code of ethics on the people of Ireland through, for example, the introduction of abortion legislation and the planned introduction of legal 'marriage' for homosexuals.
21. The continued operation of the secret society system in the Irish public service, the law society, the political establishment, and the banking community ensured that oaths of allegiance could be used to mobilise the willing and silence the weak.
22. The stunningly ineffectual performance of the Opposition Parties in the period 2002-2008. As I noted in my submission to the Wright Review: "[The Department of Finance] was not helped by a political system in which one party ruled without restraint for over ten years, with virtually no opposition of any kind. A senior civil servant, even a tough person with a lot of experience, would find it difficult to confront a Minister who was not facing any meaningful resistance in the Dáil."

Iceland was also attacked by the IBS, but the Icelandic population recognised that they had been set up. People with Biblical values can still tell the difference between right and wrong. They even prosecuted some of the crooks involved. For example, former Icelandic Prime Minister, Geir Hilmar Haarde, who was also a member of the Bilderberg Group, was indicted in 2011 for misconduct in office.

The Bilderberg connection is worth noting. In fact, I would ask the Inquiry to explain in its final report why so many of the individuals consulted by the Government on 29/30 September, 2008 – as recorded in the *Prologue* to Murphy & Devlin – were members of the Bilderberg Group.

Responsible journalism

Two very responsible and well written accounts of the crisis were published by Irish journalists Matt Cooper, David Murphy and Martina Devlin. Here is what they said:

"Were the Irish lied to? Of course – by bankers and by politicians, among others." (Murphy & Devlin, p.307)

"International banks arrived on Ireland's shores knowing they would encounter few obstacles. In fact, nobody would bother them at all." (Murphy & Devlin, p.147)

"Bankers, builders and property developers were on an out-of-control binge, aided and abetted by incompetent regulation and a complicit political establishment." (Murphy & Devlin, p.30)

"Nobody was ever going to admit that the guarantee had been the wrong course of action, because to do so would be to admit to an absolutely enormous mistake." (Cooper, p.170)

"...we were bludgeoned into accepting loans on terms that would be ruinous to the country's economic recovery." (Cooper, p.9)

"Instead, we indulged our elite by allowing them to be the subject of privately conducted enquiries, followed by reports in which blame was spread in general terms and guilty individuals once again escaped identification." (Cooper, p.365)

"The country was revealed as operating on an incestuous basis of networking, with the 'invisible government of monetary power' exposed as the real head of state." (Murphy & Devlin, p.281)

These seven quotations give a far more accurate and insightful account of what happened than any of the various official reports commissioned to date.

The 'invisible government of monetary power' that runs this country, to which David Murphy and Martina Devlin refer, has for many years been working in concert with the 'invisible government of monetary power' that runs Europe. This incestuous network is as amoral as the Mafia and very well organized. They recruit the very best from among the brightest to assist with their long-term plans and devious schemes. They despise Christianity and are closely affiliated with the Fabian Socialist network that spans Europe.

Two options

The people of Ireland have two options, either to accept the official explanation of events or to accept that bad faith played a significant role in the Irish banking crisis. Like a detective trying to determine whether foul play was involved, they need to weigh carefully the evidence found at the scene of the crime:

Option 1: The bodyguards just happened to take their tea break at the same time. The victim had several fatal gun-shot wounds to the head. A huge sum of money went missing. The verdict? Suicide.

Option 2: Accept that Option 1 makes no sense, that the victim was deliberately attacked, and then follow the money.

The people of Ireland will have difficulty with Option 2 since it requires a clear sense of right and wrong – specifically a Biblical mindset or yardstick. They signalled their abandonment of such values in January 2003 when they erected a huge pagan May-pole in their capital city. Alas, they seem to have forgotten that the LORD hates idolatry:

"Therefore pray not thou for this people, neither lift up a cry or prayer for them: for I will not hear them in the time that they cry unto me for their trouble." (Jeremiah 11:14)

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Greystones
6 January, 2015**

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